

**Lockhart Power Company**  
**Operating Experience, Rate Base, and Rates of Return**  
**Test Year Ending December 31, 2009**  
**Docket No. 2010-181-E**

Audit Exhibit SGS-1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Total Electric ORS	After ORS Accounting & Pro forma Adjustments	Application Per Books	ORS Accounting & Pro forma Adjustments	Retail Electric After ORS Accounting & Pro forma Adjustments	Proposed Increase	After Proposed Increase
<b>Operating Revenue</b>								
Rate Revenue	23,809,379	(3,958,932) (A)	19,850,447	14,495,579	(2,364,971) (A)	12,130,608	1,605,208 (U)	13,735,816
Other Revenue	38,365	735,028 (B)	773,393	37,419	368,612 (B)	406,031	0	406,031
<b>Total Operating Revenues</b>	<b>23,847,744</b>	<b>(3,223,904)</b>	<b>20,623,840</b>	<b>14,532,998</b>	<b>(1,996,359)</b>	<b>12,536,639</b>	<b>1,605,208</b>	<b>14,141,847</b>
<b>Operating Expenses</b>								
Purchased Power	14,899,637	(3,222,618) (C)	11,677,019	7,821,364	(1,974,681) (C)	5,846,683	0	5,846,683
Production	962,166	422,754 (D)	1,384,920	505,405	195,088 (D)	700,493	0	700,493
Transmission	205,132	14,472 (E)	219,604	108,767	3,890 (E)	112,657	0	112,657
Distribution	722,784	51,419 (F)	774,203	708,611	50,418 (F)	759,029	0	759,029
Customer Accounting	382,960	25,982 (G)	408,942	369,706	23,778 (G)	393,484	0	393,484
Administrative & General	1,357,213	(21,035) (H)	1,336,178	1,055,325	(16,174) (H)	1,039,151	0	1,039,151
Regulatory Expense	35,417	22,736 (I)	58,153	30,217	22,736 (I)	52,953	0	52,953
Depreciation	1,219,499	246,769 (J)	1,466,268	963,972	120,626 (J)	1,084,598	0	1,084,598
Other Taxes	941,841	211,191 (K)	1,153,032	697,844	133,031 (K)	830,875	6,042 (V)	836,917
State Income Taxes	156,055	(48,779) (L)	107,276	113,590	(27,754) (L)	85,836	79,958 (W)	165,794
Federal Income Taxes	1,008,114	(315,111) (M)	693,003	733,787	(179,288) (M)	554,499	516,531 (X)	1,071,030
Amort. Inv. Tax Credit	(11,923)	0 (N)	(11,923)	(9,047)	367 (N)	(8,680)	0	(8,680)
<b>Total Operating Expenses</b>	<b>21,878,895</b>	<b>(2,612,220)</b>	<b>19,266,675</b>	<b>13,099,541</b>	<b>(1,647,963)</b>	<b>11,451,578</b>	<b>602,531</b>	<b>12,054,109</b>
<b>Net Operating Income</b>	<b>1,968,849</b>	<b>(611,684)</b>	<b>1,357,165</b>	<b>1,433,457</b>	<b>(348,396)</b>	<b>1,085,061</b>	<b>1,002,677</b>	<b>2,087,738</b>
Plus: Customer Growth	(10,297)	10,297 (O)	0	(7,497)	7,497 (O)	0	0 (Y)	0
Less: Interest on Cust. Dep.	4,374	0	4,374	4,374	0	4,374	0	4,374
<b>Total Income for Return</b>	<b>1,954,178</b>	<b>(601,387)</b>	<b>1,352,791</b>	<b>1,421,586</b>	<b>(340,899)</b>	<b>1,080,687</b>	<b>1,002,677</b>	<b>2,083,364</b>
<b>Original Cost Rate Base</b>								
Plant in Service	43,312,910	5,448,768 (P)	48,761,678	32,865,945	2,632,557 (P)	35,498,502	0	35,498,502
Less: Accum. Depreciation	20,869,566	2,404,179 (Q)	23,273,745	16,187,821	1,339,636 (Q)	17,527,457	0	17,527,457
<b>Total Net Plant</b>	<b>22,443,344</b>	<b>3,044,589</b>	<b>25,487,933</b>	<b>16,678,124</b>	<b>1,292,921</b>	<b>17,971,045</b>	<b>0</b>	<b>17,971,045</b>
<b>Additions</b>								
Constr. Work in Progress	1,428,663	1,633,430 (R)	3,062,093	976,900	1,158,297 (R)	2,135,197	0	2,135,197
Materials & Supplies	355,982	(12,018) (S)	343,964	236,978	(12,378) (S)	224,600	0	224,600
<b>Deductions</b>								
Accum. Def. Inc. Taxes	3,904,435	0 (T)	3,904,435	2,962,695	(120,300) (T)	2,842,395	0	2,842,395
Customer Deposits	126,285	0	126,285	126,285	0	126,285	0	126,285
<b>Total Rate Base</b>	<b>20,197,269</b>	<b>4,666,001</b>	<b>24,863,270</b>	<b>14,803,022</b>	<b>2,559,140</b>	<b>17,362,162</b>	<b>0</b>	<b>17,362,162</b>
<b>Rate of Return</b>	<b>9.68%</b>		<b>5.44%</b>	<b>9.60%</b>		<b>6.22%</b>		<b>12.00%</b>

**Lockhart Power Company**  
**Explanation of Accounting and Pro Forma Adjustments**  
**For the Test Year Ended December 31, 2009**  
**Docket No. 2010-181-E**

**Audit Exhibit SGS-2**  
**Page 1 of 4**

<b>Adj. # Per Co. Appl.</b>	<b>Description</b>	<b>Lockhart Total Electric</b>	<b>ORS Total Electric</b>	<b>ORS Retail Electric</b>
<b><u>Accounting and Pro forma Adjustments</u></b>				
<b>(A) Rate Revenue</b>				
1a	Reduced purchased power costs in the Power Adjustment Clause (PAC)	(2,636,478)	(2,636,478)	
1b	Fuel expense added to the PAC	177,665	177,665	
1c	Off-system sales credited to PAC	(645,672)	(737,233)	
1d	PAC costs not recovered from lighting rates	29,422	29,422	
1e	Reduced base revenue for Monarch Plant closing	(792,308)	(792,308)	
	<b>Total Rate Revenue Adjustments</b>	<b>(3,867,371)</b>	<b>(3,958,932)</b>	<b>(2,364,971)</b>
<b>(B) Other Revenue</b>				
2	Revenue from off-system sales for Wellford Landfill Generation Plant	643,741	735,028	368,612
<b>(C) Purchased Power Expense</b>				
3a	City of Union diesel plant peak shaving	(802,217)	(802,217)	
3b	City of Union diesel plant interim contract payments not recovered in PPA	(140,786)	(140,786)	
3c	Duke true-up for 2009	(1,445,686)	(1,445,686)	
3d	Reduced power requirements resulting from closing of Monarch	(833,929)	(833,929)	
	<b>Total Purchase Power Expense Adjustments</b>	<b>(3,222,618)</b>	<b>(3,222,618)</b>	<b>(1,974,681)</b>
<b>(D) Production Expense</b>				
4a	City of Union diesel operating and maintenance expenses	97,843	97,843	
4b	Wellford plant operating and maintenance expenses	256,164	252,875	
4c	Training Grant credit removal	5,307	5,307	
4d	Production portion of the labor adjustment	91,038	98,213	
4e	Normalize test year expenses for removal of debris from dam over 2 years.	0	(9,814)	
4f	Normalize test year expenses for extraordinary maintenance over 2 years.	0	(21,670)	
	<b>Total Production Expense Adjustments</b>	<b>450,352</b>	<b>422,754</b>	<b>195,088</b>

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**Audit Exhibit SGS-2**  
**Page 2 of 4**

Adj. # Per Co. Appl.	Description	Lockhart Total Electric	ORS Total Electric	ORS Retail Electric
<b><u>Accounting and Pro forma Adjustments</u></b>				
5	<b><u>Labor Adjustment</u></b> - Adjustment was made to Production, Transmission, Distribution, Customer Accounting, and Administration and General, proportional to labor ratios. The total electric expense adjustment per Company is \$240,847, and per ORS \$259,822. Includes adjustments 4d, 5a, 5b, 5c, and 6a.			
<b>(E) Transmission Expense</b>				
5a	Transmission portion of the labor adjustment	13,407	14,472	3,890
<b>(F) Distribution Expense</b>				
5b	Distribution portion of the labor adjustment	47,662	51,419	50,418
<b>(G) Customer Accounting Expense</b>				
5c	Customer Accounting portion of the labor adjustment	24,106	25,982	23,778
<b>(H) Administrative and General Expense</b>				
6a	Administrative and General portion of the labor adjustment	64,635	69,736	
6b	Amortize Transmission Study over 2 years	(81,268)	(81,269)	
6c	Portion of fringe benefits on wage adjustments	26,908	9,548	
6d	Remove non-allowable expenses	0	(19,050)	
	<b>Total Administrative and General Adjustments</b>	<b>10,275</b>	<b>(21,035)</b>	<b>(16,174)</b>
<b>(I) Regulatory Expense</b>				
7a	Rate case amortization of current expenses	56,500	52,953	
7b	Remove prior rate case expenses	(30,217)	(30,217)	
	<b>Total Regulatory Expense</b>	<b>26,283</b>	<b>22,736</b>	<b>22,736</b>
<b>(J) Depreciation Expense</b>				
8a	Annualize depreciation expense including Union diesel generators and the Wellford Landfill Gas plant.	243,718	246,769	120,626
<b>(K) Other Taxes</b>				
9a	Property related tax adjustment to include updates for Union diesel generators and Wellford Landfill Gas plant.	213,565	196,272	
9b	Payroll tax portion of the wage adjustment	20,641	27,054	
9c	Revenue tax adjustment due to pro forma revenue adjustments	(12,135)	(12,135)	
	<b>Total Other Taxes</b>	<b>222,071</b>	<b>211,191</b>	<b>133,031</b>

**Lockhart Power Company**  
**Explanation of Accounting and Pro Forma Adjustments**  
**For the Test Year Ended December 31, 2009**  
**Docket No. 2010-181-E**

Adj. # Per Co. Appl.	Description	Lockhart Total Electric	ORS Total Electric	ORS Retail Electric
<b><u>Accounting and Pro forma Adjustments</u></b>				
<b>(L) State Income Taxes</b>				
10	Adjust state taxes for pro forma adjustments	(51,944)	(48,779)	(27,754)
<b>(M) Federal Income Taxes</b>				
11	Adjust federal taxes for pro forma adjustments	(335,560)	(315,111)	(179,288)
<b>(N) Amortized Investment Tax Credit Expense</b>				
15	To adjust for changes in functionalization and allocation	0	0	367
<b>(O) Customer Growth</b>				
12	To adjust for customer growth.	3,407	10,297	7,497
<b>(P) Plant in Service</b>				
13a	Wellford Landfill Gas plant addition updated through March 31, 2011	2,475,500	2,293,404	
13b	City of Union Diesel Peaking plant addition	2,473,171	2,473,171	
13c	Normal plant activity through March 31, 2011	299,385	682,193	
	<b>Total Plant in Service</b>	<b>5,248,056</b>	<b>5,448,768</b>	<b>2,632,557</b>
<b>(Q) Accumulated Depreciation</b>				
8b	Annualized depreciation and updates for the Wellford Landfill Gas plant and City of Union Diesel Peaking plant.	1,683,188	2,404,179	1,339,636
<b>(R) Construction Work in Progress</b>				
14a	Adjustment to March 31, 2011 balance	2,209,277	4,423,314	
14b	Remove Wellford Plant and transfer to plant	(2,475,500)	(2,742,191)	
14c	City of Union diesel plant net adjustments	(59,804)	(118,403)	
14d	Capital portion of wage increase adjustment. ORS combined adjustments 14d and 14e.	18,451	70,710	
14e	Capital portion of employee count adjustment	39,002	0	
	<b>Total Construction Work in Progress</b>	<b>(268,574)</b>	<b>1,633,430</b>	<b>1,158,297</b>
<b>(S) Materials &amp; Supplies</b>				
15	To adjust for changes in functionalization and allocation.	0	0	(4,530)
15a	To adjust for 13-month average of materials and supplies at March 31, 2011	0	(12,018)	(7,848)
	<b>Total Materials &amp; Supplies</b>	<b>0</b>	<b>(12,018)</b>	<b>(12,378)</b>

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Adj. # Per Co. Appl.	Description	Lockhart Total Electric	ORS Total Electric	ORS Retail Electric
<b><u>Accounting and Pro forma Adjustments</u></b>				
<b>(T) Accumulated Deferred Income Taxes</b>				
15	To adjust for changes in functionalization and allocation.	0	0	(120,300)
<b><u>Proposed Increase</u></b>				
<b>(U) Rate Revenue</b>				
16	To adjust for the Company's proposed rate increase			1,605,208
<b>(V) Other Taxes</b>				
17	To adjust other taxes for the Company's proposed increase			6,042
<b>(W) State Income Taxes</b>				
18	To adjust state income taxes for the Company's proposed increase			79,958
<b>(X) Federal Income Taxes</b>				
19	To adjust federal income taxes for the Company's proposed increase			516,531
<b>(Y) Customer Growth</b>				
20	To adjust customer growth for the Company's proposed increase. ORS does adjust for negative customer growth.			0

**Attachment A**  
**Audit Exhibit SGS-3**

**Lockhart Power Company**  
**Depreciation & Amortization Expense Adjustment**  
**For the Test Year Ending December 31, 2009**  
**Docket No. 2010-181-E**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Acct.	Description	Pro forma Plant Balance	Accumulated Depreciation Per Books 3/31/11	Unrecovered Balance	Depm. Rate	Pro forma Annual Depm. / Amort.	Historical Annual Depr Exp.	Annualized Pro forma Adjustment Depr Exp.	Pro forma Accumulated Depreciation	City of Union Diesel Purchase Adjustments	Allocated Pro forma Accumulated Depreciation
1	115.000 Amort. Elect. Plant Acq. Adjustment	303,996	17,460	286,536	1.92%	5,837					
2	<b>Total Acquisition Adj.</b>	<b>303,996</b>	<b>17,460</b>	<b>286,536</b>		<b>5,837</b>	<b>5,820</b>	<b>17</b>	<b>17,477</b>	<b>0</b>	<b>17,477</b>
3	<b>Electric Plant in Service</b>										
4	301.000 Organization Expense	403	0	403	0.00%	0					
5	302.000 Franchise & Consents	990,667	263,673	726,994	2.50%	24,767					
6	<b>Intangible</b>	<b>991,070</b>	<b>263,673</b>	<b>727,397</b>		<b>24,767</b>	<b>24,767</b>	<b>0</b>	<b>263,673</b>	<b>0</b>	<b>263,673</b>
7	330.000 Land and Land Rights	289,705	0	289,705	0.00%	0					
8	331.000 Structures and Improvements	255,210	171,918	83,292	2.00%	5,104					
9	332.000 Reservoirs and Dams	4,782,402	2,344,369	2,438,033	1.57%	75,084					
10	333.000 Waterwheels and Turbines	6,164,736	2,734,794	3,429,942	2.20%	135,624					
11	334.000 Accessory Electric Equipment	773,058	372,124	400,934	3.77%	29,144					
12	335.000 Misc. Power Plant Equipment	48,738	31,014	17,724	2.97%	1,448					
13	336.000 Roads and Railroads	68,205	17,874	50,331	2.50%	1,705					
14	<b>Hydro Production</b>	<b>12,382,054</b>	<b>6,672,093</b>	<b>6,709,961</b>		<b>248,109</b>	<b>235,886</b>	<b>12,223</b>	<b>5,684,316</b>	<b>0</b>	<b>5,679,279</b>
15	340.000 Land & Land Rights	3,270	0	3,270	0.00%	0					
16	341.000 Structures & Improvements	1,214,654	11,737	1,202,917	5.00%	60,733				380,739	
17	342.000 Fuel Holders, Producers & Acces.	123,325	7,557	115,768	5.00%	6,166				8,031	
18	344.000 Generators	4,394,733	341,097	4,053,636	5.00%	219,737				510,015	
19	345.000 Accessory Electric Equipment	536,025	413	535,612	5.00%	26,801					
20	<b>Other Production</b>	<b>6,272,007</b>	<b>360,804</b>	<b>5,911,203</b>		<b>313,437</b>	<b>85,007</b>	<b>228,430</b>	<b>589,234</b>	<b>898,785</b>	<b>1,487,497</b>
21	350.000 Land & Land Rights	51,657	0	51,657	0.00%	0					
22	352.000 Structures and Improvements	227,105	146,878	80,227	2.75%	6,245					
23	353.000 Station Equipment	2,444,383	1,536,750	907,633	2.75%	67,221					
24	355.000 Poles and Fixtures	766,811	682,641	184,270	3.16%	24,231					
25	356.000 Overhead Cond. and Devices	907,946	569,903	338,043	2.20%	19,975					
26	<b>Transmission</b>	<b>4,397,902</b>	<b>2,838,072</b>	<b>1,561,830</b>		<b>117,672</b>	<b>116,674</b>	<b>1,098</b>	<b>2,837,170</b>	<b>0</b>	<b>2,834,666</b>
27	360.000 Land & Land Rights	33,205	0	33,205	0.00%	0					
28	361.000 Structures and Improvements	325,283	130,593	194,690	2.88%	9,368					
29	362.000 Station Equipment	4,144,384	1,849,609	2,294,775	2.75%	113,971				45,983	
30	364.000 Poles, Towers and Fixtures	5,709,953	2,447,242	3,262,711	3.42%	195,280					
31	365.000 Overhead Cond. And Devices	3,634,318	2,391,488	1,242,830	3.25%	118,115					
32	367.000 Underground Cond. And Devices	241,412	106,443	134,969	3.00%	7,242					
33	368.000 Line Transformers	2,883,955	1,726,397	1,157,558	2.76%	79,597					
34	369.000 Service - Distribution	2,047,627	1,494,426	553,201	4.83%	98,900					
35	370.000 Meters - Distribution	1,727,273	486,252	1,241,021	2.97%	51,300					
36	373.000 Street Lighting - Distribution	1,526,391	808,568	717,823	3.50%	53,424					
37	<b>Distribution</b>	<b>22,273,801</b>	<b>11,441,018</b>	<b>10,832,783</b>		<b>727,197</b>	<b>687,325</b>	<b>39,872</b>	<b>11,480,890</b>	<b>45,983</b>	<b>11,616,699</b>
38	390.000 Structure and Improvements	467,803	227,159	240,644	1.62%	7,578					
39	391.000 Office Furniture and Equipment	428,540	452,893	(24,353)	10.00%	0					
40	392.000 Transportation Equipment	940,856	631,668	309,188	9.50%	89,381					
41	394.000 Tools, Shop and Garage	193,938	121,663	72,275	4.00%	7,758					
42	395.000 Laboratory Equipment	12,315	14,730	(2,415)	5.56%	0					
43	397.000 Communication Equipment	97,396	62,530	34,866	7.47%	7,275					
44	<b>General</b>	<b>2,140,848</b>	<b>1,510,643</b>	<b>630,205</b>		<b>111,992</b>	<b>146,863</b>	<b>(34,871)</b>	<b>1,476,772</b>	<b>0</b>	<b>1,474,464</b>
45	<b>Electric Plant in Service</b>	<b>48,457,682</b>	<b>22,084,303</b>	<b>26,373,379</b>		<b>1,543,174</b>	<b>1,296,422</b>	<b>246,752</b>	<b>22,331,055</b>	<b>944,768</b>	<b>23,256,268</b>
46	108.500 Cost of Removal/Salvage	0	(19,555)	19,555		0	0	0	(19,555)	0	
47	<b>Grand Total</b>	<b>48,761,678</b>	<b>22,082,208</b>	<b>26,679,470</b>		<b>1,549,011</b>	<b>1,302,242</b>	<b>246,769</b>	<b>22,328,977</b>	<b>944,768</b>	<b>23,273,745</b>

48	PROFORMA BALANCE	1,549,011	23,273,745
49	PER BOOKS 12/31/2009	1,302,242	20,869,566
50	PROFORMA ADJUSTMENT:	<u>246,769</u>	<u>2,404,179</u>

51 Notes: Column G = Column C x Column F  
52 Column J = Column D plus Column I  
Column J allocates proportionally of the Cost of Removal to all categories except Acquisition Adjustments & Intangible

Lockhart Power Company  
Docket No. 2010-181-E  
Computation of Income Taxes  
For the Test Year Ended December 31, 2009

Audit Exhibit SGS-4

After ORS's Accounting & Pro Forma Adjustments

<u>Description</u>	\$ Total Electric Operations	\$ Retail Electric Operations
Operating Revenues	20,623,840	12,536,639
Operating Expenses	18,478,319	10,819,923
Net Operating Income Before Taxes	2,145,521	1,716,716
Less: Annualized Interest Expense	0	0
Taxable Income - State	2,145,521	1,716,716
State Income Tax %	5.0%	5.0%
State Income Taxes	107,276	85,836
Less: State Income Taxes Per Book	156,055	113,590
<b>Adjustment to State Income Taxes</b>	<b>(48,779)</b>	<b>(27,754)</b>
Taxable Income - Federal	2,038,245	1,630,880
Federal Income Taxes %	34.0%	34.0%
Federal Income Taxes	693,003	554,499
Less: Federal Income Taxes Per Book	1,008,114	733,787
<b>Adjustment to Federal Income Taxes</b>	<b>(315,111)</b>	<b>(179,288)</b>

After Proposed Increase

<u>Description</u>	\$ Retail Electric Operations
Operating Revenues	14,141,847
Operating Expenses	10,825,965
Net Operating Income Before Taxes	3,315,882
Less: Annualized Interest Expense	0
Taxable Income - State	3,315,882
State Income Tax %	5.0%
State Income Taxes	165,794
Less: State Income Taxes As Adjusted	85,836
<b>Adjustment to State Income Taxes</b>	<b>79,958</b>
Taxable Income - Federal	3,150,088
Federal Income Taxes %	34.0%
Federal Income Taxes	1,071,030
Less: Federal Income Taxes As Adjusted	554,499
<b>Adjustment to Federal Income Taxes</b>	<b>516,531</b>

# Rate Revenue Increase

## Lockhart Power Company

Test Year Ending December 31, 2009

Docket No. 2010-181-E

Line No.	Retail Electric	Lockhart's Application	ORS Adjusted
1	Proposed Rate Revenue Increase	1,599,713 <sup>1</sup>	1,605,208 <sup>2</sup>
2	Rate Revenues as Adjusted	12,185,820 <sup>3</sup>	12,130,608 <sup>4</sup>
3	Adjusted Revenues After Proposed Increase [L1 + L2]	13,785,533	13,735,816
4	Subtract Historical Rate Revenue EXCLUDING Monarch	13,447,857 <sup>5</sup>	13,447,857 <sup>5</sup>
5	<b>Revenue Impact to Ratepayers [L3 - L4]</b>	<b>337,676</b>	<b>287,959</b>
6	Rates of Return	12.50%	12.00%

<sup>1</sup> Per Company's Application Exhibit A3-1 (Column 6, Line 1)

<sup>2</sup> Per ORS Witness Scott's Exhibit SGS-1 (Column 7, Rate Revenue Line)

<sup>3</sup> Per Company's Application Exhibit A3-1 (Column 5, Line 1)

<sup>4</sup> Per ORS Witness Scott's Exhibit SGS-1 (Column 6, Rate Revenue Line)

<sup>5</sup> Per Company's Application Exhibit A4 (Column 1, Line 9)



**ORS Proposed Revenues**  
**Lockhart Power Company**  
Test Year Ending December 31, 2009  
Docket No. 2010-181-E

**Revenues: \$287,959**  
**ROE: 12.00%**

Lockhart Retail Revenue	Lockhart Power Company				ORS		
	Total Present Revenues	Proposed Revenues	Proposed Increase <sup>1</sup>	Proposed Percent Increase	Proposed Revenues	Proposed Increase	Percent Increase
<b><u>Residential Service</u></b>							
R	5,382,125	5,574,232	192,107	3.57%	5,545,948	163,822	3.04%
RA	2,095,126	2,142,446	47,320	2.26%	2,135,478	40,353	1.93%
<b>Total Residential Service</b>	<b>\$7,477,251</b>	<b>\$7,716,678</b>	<b>\$239,427</b>	<b>3.20%</b>	<b>\$7,681,426</b>	<b>\$204,175</b>	<b>2.73%</b>
<b><u>Commercial</u></b>							
C3	1,447,637	1,524,276	76,639	5.29%	1,512,992	65,355	4.51%
GA	292,303	293,596	1,293	0.44%	293,406	1,103	0.38%
<b>Total General Service</b>	<b>\$1,739,940</b>	<b>\$1,817,872</b>	<b>\$77,932</b>	<b>4.48%</b>	<b>\$1,806,398</b>	<b>\$66,458</b>	<b>3.82%</b>
<b><u>Industrial Service</u></b>							
I	3,818,233	3,818,233	0	0	3,818,233	0	0.00%
<b>Total Industrial Service</b>	<b>\$3,818,233</b>	<b>\$3,818,233</b>	<b>\$0</b>	<b>0%</b>	<b>\$3,818,233</b>	<b>\$0</b>	<b>0.00%</b>
<b><u>Street Lighting</u></b>							
SL	46,646	48,742	2,096	4.49%	48,433	1,787	3.83%
<b>Street Lighting Total</b>	<b>\$46,646</b>	<b>\$48,742</b>	<b>\$2,096</b>	<b>4.49%</b>	<b>\$48,433</b>	<b>\$1,787</b>	<b>3.83%</b>
<b><u>Outdoor Lighting</u></b>							
OL	365,787	384,009	18,222	4.98%	381,326	15,539	4.25%
<b>Outdoor Lighting Total</b>	<b>\$365,787</b>	<b>\$384,009</b>	<b>\$18,222</b>	<b>4.98%</b>	<b>\$381,326</b>	<b>\$15,539</b>	<b>4.25%</b>
<b>Total Retail</b>	<b>\$13,447,857</b>	<b>\$13,785,534</b>	<b>\$337,676</b>	<b>2.51%</b>	<b>\$13,735,816</b>	<b>\$287,959</b>	<b>2.14%</b>

<sup>1</sup> Numbers may not sum to total due to rounding

LOCKHART POWER COMPANY  
SCHEDULE O  
POWER ADJUSTMENT CLAUSE

Lockhart Power Company incurs considerable costs that are variable in the discharge of its requirement to supply power to its customers. These fall mainly into two categories: purchased power and fuel-related costs of generation. Variances in these costs are recovered through this rate schedule. In addition, certain wholesale power sales are credited to customers as an offset to cost of service through this same schedule.

Purchased Power

Purchased Power consists of the direct cost paid to Lockhart's power supplier for the wholesale purchase of power to satisfy Lockhart's full requirements needs. These costs will be included in the calculation of the monthly clause factor as a charge for the power purchased.

Wholesale Power Sales

When Lockhart requests and subsequently receives South Carolina Public Service Commission approval for a specific generation project to be included in its cost of service, the sales of such generation, if made off-system in the wholesale market, will be credited as an offset to the monthly power cost.

Fuel Costs

This consists of all fuel costs used in the generation process, including landfill gas royalties paid, and diesel fuel cost, including, but not limited to, the actual cost of the fuel and any associated taxes, transportation and other costs of acquiring the fuel stock. These costs will be included in the calculation of the monthly clause factor as a charge for the fuel purchased.

Calculation and Application of Monthly Charge Factor

Whenever the power cost per kWh on electric power purchased by Lockhart Power Company for requirements kWh sales shall increase above or decrease below 3.8622 cents per requirements kWh sold by the Company, the Company will pass this change on to its individual customers.

The amount of the monthly charge per kWh will be determined by the following formula, rounding the result to the nearest one-hundredth of a mill:

$$PCA = (((\text{Purchased Power Cost} + \text{Fuel Cost} - \text{Revenue Credits}) / \text{Requirements kWh Sales}) - .038622) \times 1.003.$$

This increase or decrease will be adjusted to all bills rendered during the following month.